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Legislative Notice

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S. 2334 – Foreign Operations, Export Financing, and Related Programs Appropriation Bill, FY 1999

Calendar No. 482

Reported by the Committee on Appropriations on July 21, 1998, by a vote of 26 to 1 (with Senator Faircloth voting against), a quorum being present. S. Rept. 105-255.

NOTEWORTHY

- As reported by the Committee on Appropriations, S. 2334 provides a total of \$12.6 billion in new budget authority for foreign aid programs in FY 1999. Also included, as an FY 1998 supplemental, are \$17.9 billion for the International Monetary Fund (\$3.36 billion for the New Arrangements to Borrow and a quota increase of \$14.5 billion), as previously passed by the Senate, and \$310.7 million in arrears to multilateral institutions.
- The Committee bill includes a number of earmarks, including reduced amounts of economic assistance for Israel (\$1.08 billion) and Egypt (\$775 million); military assistance to those two countries is \$1.86 billion and \$1.3 billion respectively. No military assistance to Greece and Turkey — in previous years allocated according to a 7:10 formula — is provided in S. 2334.
- S. 2334 includes longstanding prohibitions regarding the use of U.S.-government funds to perform or promote abortion. However, it does *not* include provisions (called “Mexico City” restrictions) which deny family planning funds to foreign private organizations that use non-U.S.-government funds for abortion. Mexico City-type language has been included in the State Department authorization bill which is expected to be sent to the President in the near future. [For further details on the history of House/Senate disagreement over the Mexico City policy, see RPC’s *Legislative Notice* No. 2 of February 20, 1997, “H.J.Res. 36 — Joint Resolution Approving the President’s Finding with Regard to International Family Planning.”]

HIGHLIGHTS

Item	Budget Estimate	Recommended by Senate Committee	Increase (+) or decrease (-) Senate bill compared with budget estimate
Export Assistance.....	\$ 708,940,000	\$ 674,000,000	\$ -34,940,000
Economic Assistance - Bilateral....	4,017,100,000	3,506,100,000	-511,000,000
Military Assistance.....	3,409,910,000	3,442,910,000	+33,000,000
Economic Assistance - Multilateral.....	1,464,810,980	1,044,610,980	-420,200,000
Subtotal.....	9,600,760,980	8,640,620,980	-933,140,000
International Monetary Fund (FY 98 Supplemental).....	17,861,000,000	+17,861,000,000
Arrears to Multilateral Institutions (FY 98 Supplemental).....	509,000,000	310,652,000	-198,348,000
Grand Total.....	14,124,044,980	30,770,824,980	+16,646,780,000

NOTE: Figures in the above table do not add due to rounding.

BILL PROVISIONS

Title I: Export Assistance

This Title provides funding for insitutions that support U.S. exports: \$785 million for the Export-Import Bank, \$46 million for the Overseas Private Investment Corporation (OPIC), and \$43 million (an increase of \$1.5 million over last year) for the Trade and Development Agency.

Title II: Bilateral Economic Assistance

This Title appropriates funds for carrying out the provisions of the Foreign Assistance Act of 1961. Most of the moneys appropriated are managed by the Agency for International Development (AID). For FY 1999, the Committee recommendation for Bilateral Economic Assistance is \$3.5 billion, a reduction of \$195.5 million from the FY 1998 appropriation and \$511 million less than the budget request.

- A major component of bilateral economic assistance is development assistance, for which the Committee provides funding of \$2.1 billion. This represents a decrease of \$25 million below the budget estimate. Earmarks include Burma (\$10 million), Cyprus (\$15 million), the Galapagos Islands (\$1.2 million), and Indonesia (\$100 million).
- Economic support funds total \$2.31 billion, of which \$1.86 billion is earmarked for Israel and Egypt and \$150 million for Jordan.
- The Committee allocates \$432.5 million for Eastern Europe and the Baltic states and \$740 million for the New Independent States of the former Soviet Union. Funds for Russia are again conditioned on Moscow's ceasing its support for Iran's nuclear program. Half of the \$210 million available for Ukraine is withheld pending a presidential certification regarding that country's efforts to improve the pace of economic policy reforms. Armenia receives \$90 million and Georgia \$95 million. Assistance to Bosnia is capped at \$200 million.
- The Peace Corps is allocated \$221 million, compared to an FY 1998 appropriation of \$222 million and a budget estimate of \$270.3 million. In the report, the Committee expresses its concerns that the Peace Corps is making commitments to send volunteers to countries which the agency does not have the resources to sustain.

Title III: Military Assistance

Under this Title, the Committee recommends a total of \$3.44 billion, an increase of \$64.9 million over FY 1998 but \$33 million below the budget estimate. The following should be noted:

- The Committee bill includes earmarks for Israel of \$1.86 billion and for Egypt of \$1.3 billion.
- The bill provides \$15.3 million to the Baltic states (Lithuania, Latvia, and Estonia) in grants and loans to improve their military capabilities and enhance their interoperability with NATO forces.

- Unlike previous years, no loans are provided to Greece and Turkey, which in the past were earmarked according to a 7:10 ratio.
- The Committee bill includes an appropriation of \$69 million for peacekeeping activities. This amount is \$8.5 million less than last year's appropriation and \$14 million below the budget estimate.

Title IV: Multilateral Organizations and Programs

This Title consists of U.S. contributions to international lending institutions — such as the International Bank for Reconstruction and Development (also called the World Bank), the International Development Association, the International Finance Corporation, and several regional banks — and U.S. contributions to various international organizations and programs. The following should be noted:

- Apart from supplemental FY 1998 funds (the New Arrangements to Borrow (NAB), the quota increase for the International Monetary Fund (IMF), and arrears to multilateral institutions), contributions to international financial institutions total \$1.04 billion, which is \$313 million less than the FY 1998 appropriation and \$420.2 million less than the Administration request.
- In supplemental FY 1998 funding, the NAB for the IMF totals \$3.36 billion, and the quota increase is \$14.5 billion, both of which were part of the budget estimate. (NOTE: Because the numbers in the bill text (page 119) represent drawing rights, they are different from those found in the Committee report (page 50).) This allocation, which has previously been approved by the Senate, includes language designed to improve management of and timely access to decisionmaking and information to the IMF's lending practices.
- Also part of supplemental FY 1998 funding, arrears payments (i.e., amounts previously due) to multilateral lending institutions total \$310.7 million. While the Committee provided the requested level for the Enterprise for the Americas Multilateral Investment Fund (MIF), no increase was provided to reduce MIF arrears due to ongoing, serious concerns about management of MIF resources; these arrears payments are fenced pending outcome of an audit by the General Accounting Office. (See page 49 of the Committee report.)
- The Committee bill allocates \$170 million for international organizations and programs, which is \$22 million less than last year's spending and \$144 million less than the budget estimate.

Title V: General Provisions

This section contains a number of provisions directed towards specific policy questions, including the following:

Sec. 502 prohibits funds appropriated under Title II of this bill from being used to support international financial institutions (which are funded under Title IV).

Sec. 507 prohibits direct funding for Cuba, Iraq, Libya, North Korea, Iran, Sudan, and Syria.

Sec. 517 states that it is the policy and intention of the United States that the annual economic support funds for Israel shall not be less than the annual debt repayment (interest and principal) from Israel to the United States in recognition that such a principle serves United States interests in the region.

Sec. 518 prohibits use of funds for abortion or involuntary sterilization.

Sec. 519 provides that in determining eligibility for family planning funds, non-governmental and multilateral organizations may not be subjected to requirements more restrictive than the requirements applicable to foreign governments for such assistance (i.e., that they not advocate or perform abortion with non-U.S. government funds).

Sec. 521 places a special notification requirement on funds obligated or expended for Colombia, India, Haiti, Liberia, Pakistan, Serbia, Sudan, and the Democratic Republic of Congo.

Sec. 524 bars indirect assistance to Cuba, Iraq, Libya, Iran, Syria, North Korea, and China.

Sec. 528 prohibits bilateral assistance to countries that support terrorism.

Sec. 539 prohibits the termination of sanctions against Serbia or Montenegro unless the President certifies that certain steps have been taken with respect to human rights and self-government for the people of Kosovo ("Kosova" in the bill text).

Sec. 551 prohibits assistance to foreign governments that export lethal military equipment to countries supporting international terrorism.

Sec. 552 requires the deduction from the funds available to any country of an amount equal to 110 percent of the unpaid parking fines owed to the District of Columbia by that country.

Sec. 554 permits a drawdown of up to \$30 million to support the United Nations War Crimes Tribunal for former Yugoslavia.

Sec. 563 imposes bilateral and multilateral economic sanctions for countries harboring persons indicted by the International Criminal Tribunal for Rwanda.

Sec. 556 includes restrictions on availability of funds to the Palestinian Authority.

Sec. 573 bars bilateral and multilateral funds (other than for humanitarian, democracy, various nation-building programs, and other exceptions) to Croatia, Serbia, and portions of Bosnia and Herzegovina under Croat or Serb control, pending presidential certification regarding transferral of indicted war criminals to the International Criminal Tribunal for the Former Yugoslavia.

COST

Excluding outlays from prior-year budget authority, CBO estimates that this bill would result in outlays of \$4.95 billion in FY 1999, \$3.12 billion in FY 2000, \$2.32 billion in FY 2001, \$908 million in FY 2002, and \$1.34 billion in FY 2003 and thereafter.

ADMINISTRATION POSITION

No Administration position was available at press time.

POSSIBLE AMENDMENTS

Bond. Requires that sanctions on Iraq not be lifted until certification on weapons of mass destruction.

Hutchison. Concerning China.

McConniell. Concerning Export-Import Bank.

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